A COMPARATIVE ANALYSIS OF HOUSING POLICIES OF NAMIBIA AND SOUTH AFRICA

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ABSTRACT

Both Namibia and South Africa have had mixed success in their housing policies since the advent of democracy in both countries in the 1990s. This paper proceeds from the hypothesis that each country can learn useful lessons from each other in respect of housing policy. The primary purpose of this research was to describe and systematically compare the housing policies of Namibia and South Africa. The historical backgrounds of the countries, existing policies and the manner in which the policies are implemented were investigated.

The research examined the housing policies of Namibia and South Africa in terms of their similarities and differences and to consider the impact and implications. Namibia and South Africa vary in their expenditure commitments to provide affordable homes. Their housing policy strategies also differ. Differences reflect different levels of prosperity and differences in governance and institutional arrangements.

The study concluded that the policies of Namibia and South Africa are, in the main, similar in that both Namibia and South Africa have enacted legislation that govern matters related to housing – either as housing relates to financing and affordability or as a function of ownership. South Africa stands out, however, in that the right to adequate housing is a prescript of the constitution. In both the investigated countries, there is evidence that their policies are committed to a housing process built on the foundations of people's participation and partnerships. But there are also differences with regard to implementation. In this study, it is brought to bear on both countries that the provision of housing was not all that successful. But good policies are a good start to a successful outcome of a process.

KEY WORDS

Housing policy of Namibia, housing policy of South Africa, affordable housing, housing delivery, housing market, adequate housing, housing policy, poverty, income inequality, housing financing, legislation, housing backlog

DECLARATION

I, Audrin Mathe, hereby declare that the work on which this thesis is based is my original work (except where acknowledgements indicate otherwise) and that neither the whole work nor any part of it has been, is being, or is to be submitted for another degree in this or any other university. I authorise the University to reproduce for the purpose of research either the whole or any portion of the contents in any manner whatsoever.

Signature: Signed by candidate ……………………………………………

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DEDICATION

I dedicate this study to my lovely wife, Melitta, who - at the expense of the family, allowed me to expand my body of knowledge. I promised her this would be my last tour of study.

LIST OF ACRONYMS

AR	–	Affirmative Repossession
ATM	–	Automatic Teller Machine
BER	–	Bureau for Economic Research
BNG	–	Breaking New Ground
BoN	–	Bank of Namibia
BTP	–	Build Together Programme
CBO	–	Community Based Organisation
CPIX	–	Consumer Price Index
EIU	–	Economist Intelligence Unit
FFC	–	Financial and Fiscal Commission
FLISP	–	Finance Linked Individual Subsidy Programme
FNB	–	First National Bank
FSC	–	Financial Sector Charter
GDP	–	Growth Domestic Product
GEAR	–	Growth, Employment And Redistribution
HAD	–	Housing Development Agency
IHS	–	International Housing Solutions
IMF	–	International Monetary Fund
JSE	–	Johannesburg Stock Exchange
LA	–	Local Authority
MHDP	–	Mass Housing Development Programme
MLSP	–	Mass Land Servicing Programme
MTEF	–	Medium Term Expenditure Framework
NAD	–	Namibian Dollar
NAMFISA	–	Namibia Financial Supervisory Authority
NAMPAB	–	Namibia Planning and Advisory Board
NDP	–	National Development Plan
NGO	–	Non-Governmental Organisation
NHAG	–	Namibia Housing Action Group
NHE	–	National Housing Enterprises
NHFC	–	National Housing Finance Corporation

NHP	–	National Housing Policy
NPC	–	National Planning Commission
NPC	–	National Planning Commission
NSA	–	Namibia Statistics Agency
RC	–	Regional Council
RDP	–	Reconstruction and Development Programme
RHLF	–	Rural Housing Loan Fund
SA	–	South Africa
SDFN	–	Shack Dwellers' Federation of Namibia
TIPEEG	–	Targeted Intervention for Employment and Economic Growth
US	–	United States
ZAR	–	South African Rand

CHAPTER 1
PURPOSE OF THE STUDY

1.1 Problem statement

The provision, denial and management of space for purposes of developing the policies of apartheid colonialism in South Africa and South West Africa (now Namibia) was part and parcel of population control with the main interest of protecting white minority interests. In South Africa the main thrust came with the Land Act of 1913 and in Namibia during German Imperial Rule between 1884 and 1915. With the evolution of legal apartheid in South Africa and after South Africa assumed control of Namibia as a fifth province, the policies were similar and dissimilar, mainly due the type of political responses the government would receive in the form, of resistance from the local populations. This eagerness to manage where people lived was a mechanism of preparing or ill-preparing them for participation in the decision –making of their communities. With time, this metamorphed into Apartheid and the latter Separate Development, both in South Africa and Namibia. The socio-political consequences, intended and unintended, of what became housing policies were political movements in both countries, with South Africa as the genesis of black liberation struggle.

What began as resistance to land management in South Africa and Namibia became fully fledged political liberation movements with more aspirations than just land and space. Both in the ensuing policies to provide housing for black workers in South Africa and the changing dynamics within the resistance movements, similarities and dissimilarities appeared, due to geographical conditions as well as the style of political resistance in the two countries.

These similarities and differences continued to be part of the histories of the two countries up to and after liberation, in Namibia in 1990 and in South Africa in 1994. The new governments in the two countries continued to exhibit similarities and differences as they continue to transform the management of housing (human settlements) to the extent that the original intents of sub-standard houses remain part of black life in South Africa and Namibia. There is little studies to show these histories in a manner that illuminate how the free countries can learn with and from each other to tackle the housing challenges facing them as neighbours whose economies are inexplicably linked.

1.2 Purpose and Research questions

The primary purpose of this study is to describe and systematically compare the housing policies of Namibia and South Africa in terms of their histories and their post-liberation challenges. The historical backgrounds of these countries, policies trajectories and the manner in which their post-liberation housing challenges are and contrasted for purposes of informing future housing policy considerations in the two countries, cognisant of their differences, population sizes and national interests.

The study aims to make simple what is otherwise complicated histories with an enduring impact on democratic South Africa and Namibia. This is done by way of examining the housing policies of Namibia and South Africa and their impact and implications on future planning and housing provision to expanding populations the majority of which are black and African.

The question of whether housing policy is the problem or the solution with regard to affordable housing will remain a policy matter for a long time to come, as it was in the past, and therefore needs more objective research and analysis, just as the provision of low income housing for the masses will remain a pressing policy issues in both countries. In the period after the advent of democracy, there has been a widening gulf between housing demand and supply in both Namibia and South Africa. This has often been blamed on the housing policies of the past but also on the influx of people into the cities and towns in search of better dwelling and opportunities. A new thinking about affordable (low income) housing provision ought to be informed by clear scenario planning and to address past policies that led to the current housing backlog. Namibia and South Africa vary in their expenditure commitments to provide affordable homes. Their housing policy strategies also differ, reflecting different levels of resource availability and allocation on the one hand and systems of governance and institutional arrangements and/or management on the other.

The broad concern of this thesis is the lessons learned in Namibia and South Africa in respect of the official thinking and management of living space to the population before freedom and what these lessons instruct new policy makers to tackle housing for purposes of peace and stability of these two countries in post-liberation and non-racial societies.

The following secondary research questions are posed:

a) What is the impact of the housing policies?

b) What are the implications of such policies?

c) What could South Africa and Namibia learn from each other - if anything, and why?

1.3 Theoretical framework

The comparative approach enhances the understanding of the historical processes underlying the public policy and its implementation. The comparative framework for the study emanates from the attempt to contribute to the understanding of housing policies for Namibia and South Africa to the extent that useful lessons can be adopted as best practice. A comparison of the two countries raises critical questions: How does one develop a comparative framework for countries that differ on some variables? Does it matter that comparison covers two countries one of which has a bigger economy and larger population? What could be done differently?

Macridis (cited in Doggan and Pelassy 1990:151) provides a comprehensive explanation of what comparing achieves:

> Comparison involves abstractions, concrete situations or processes can never be compared as such. Every phenomenon is unique, every manifestation is unique, every process, every nation like every individual is in a sense, unique. To compare them means to select certain types or concepts, and in so doing we have to distort the unique and the concrete.

Macridis's perception encapsulates the entire research process in that it caters for the movement between theory and the empirical. Moreover it stresses that comparison is both a subjective and an objective exercise meaning that in studying one phenomenon, no two researchers are likely to study the same processes in the same way even though they may apply similar concepts. Bendix (cited in Skocpol 1984:370) captured the essence of comparing best when he pointed out that comparative analysis

> increases the visibility of one structure by contrasting it with another…. By means of comparative analysis… I want to preserve a sense of historical particularity as far as I can, while still comparing different countries. Rather than aim at broader generalisations and lose that sense, I ask the same or at least similar questions of divergent materials and so leave room for divergent answers.

In the context of this dissertation, a comparison narrative illustrates how two housing policies are similar but also contrasted to illustrate how they are dissimilar. This framework is useful to better understand a series of variables that are the centrepiece of Namibia and South Africa's housing policies.

1.4 Significance of the Study

There has never been a study comparing housing policies of any country with that of Namibia. This study begins with the hope that a comparative analysis of the national housing policies of Namibia and South Africa will help develop theoretical understanding and to find out which policies works better than others when applied in a similar environment. Both countries share an historical apartheid legacy of segregation. Namibia highly depends on South Africa for economic activity. This is to say that policies implemented in South Africa affect Namibia directly. It is necessary therefore to draw parallels between the two countries' housing policy in order to provide an assessment of the success or failure of the countries' housing strategy. In that respect alone, the study is significant.

1.5 Research methods and design

The research methods used in this study point to a qualitative analysis of existing information and literature on housing policies in Namibia and South Africa and how it led to what exists today in regard to housing provision. The problem will be constructed through comparative analysis by highlighting and identifying the similarities and differences in housing policies and their consequences in these two countries.

"A comparative analysis compares two or more things: two texts, two theories, two historical figures, two scientific processes, and so on" (Walk, 1998). Cross-national comparison offer the opportunity to identify possible global factors in housing policy development and thereby highlight specific determinants of national policies. Examining housing policies in other countries can supply ideas to apply locally by identifying what policies are in operation elsewhere and perhaps assessing their effectiveness.

This study approaches comparative analysis to investigate the similarities and differences of housing policies of Namibia and South Africa and their impact and implications. The two countries are purposely chosen for a number of reasons: first, they are both upper-middle income countries; second, they both acquired democratic rule less than 27 years ago; third, their historical background are similar, having experienced segregated housing through apartheid rule for decades. The two countries are considered democratic.

There are two methods of organisation with respect to comparative analysis: the first is point by point, where all of one country is discussed followed by all of the other. Second method is feature by feature, where points are alternated between one country and another. This is to say that evidence is presented and then connect the other country, similarly or differently, to the argument. To provide clarity on the similarities and differences, the analysis will compare policy by policy.

1.6 Historical Background

South Africa ruled Namibia from 1915 until independence in March 1990 – effectively as a fifth province. Namibia and South Africa each had ten homelands in which Africans were confined. The effect of the mandate meant that South African policies applied to Namibia as well.

The National Party's urban and housing policies and even the policies of the previous governments, with the introduction of the pass system through the Natives (Urban Areas) Act of 1923 (Lemon, 1991: 1), were based on the view that African people were the wards of the whites and were to be helped to develop in their own areas. They were seen as less developed ethnic group and their presence in white-designated areas was to be for purpose of serving the labour and other needs of the white people. The National Party government held that "Africans had themselves to blame for their endemic housing crisis because they had been expanding too rapidly without acquiring the resources to satisfy their most pressing needs" (Hendler, 1991: 199).

Because of the way the countries were divided, firstly by means of reserves and then homelands, the housing problem was not seen to be an issue for the central white government to solve. The housing of many people in townships in the late 1950s and 1960s by the State was almost considered a favour to the African people who lived in "white" South Africa and the house building ceased in 1968 when government policy began to concentrate on settling people in the African homelands (Mabin, 1992: 18). The issue here is that the government has not, for a long time, considered the shortage of housing for most African people to be its problem and this has at its roots its view of African people as temporary residents of "white" South Africa. Evidence of this view, held for many years by the State, are the policies of migrant labour, the prohibition of ownership of property or housing by Africans in "white" South Africa, the location of many housing areas, where at all possible, over the borders of the homelands and most obviously the "Bantustan" or "homeland" policies. In both Namibia and South Africa, contract labourers were housed in dormitories where a good number of them would share a room. They were not allowed to bring families to live with them. This implies that housing for blacks was not a strategy to improve the quality of black workers but in order to be close enough to the industries where they worked. This is to say that the provision of housing for blacks was a matter of white supremacist ideology and strategy to elaborate the policies of subservience for blacks so that they would never aspire to be equal with whites.

When Namibia and South Africa attained black majority rule in 1990 and 1994 respectively, physically segregated urban human settlements were inherited from the apartheid regime, under which the majority of low-income groups could not afford low-cost housing. South Africa and Namibia have similar social characteristics, a similar economic dependence on extractive metals and minerals, and parallel histories, but have quite autonomous political histories over the past twenty-seven years. For these reasons it is expected that what can be learned about the successes and failures of each country's housing policy over the past quarter century can act as a valuable policy tutorial about choices and alternatives.

1.7 Clarification of concepts

Namibian Dollar (NAD) is pegged to the South African Rand (ZAR). This means that ZAR1 is equal to NAD1. This is to say that whenever the Rand fluctuates, the Namibian Dollar is affected by the same margin. Any reference to the ZAR, therefore, would mean the same as the NAD.

Comparative analysis means a study to find the crucial differences between two very similar things or the similarities between two things that appear to be different on the surface.

Housing policy "refers to the actions of government, including legislation and program delivery, which have a direct or indirect impact on housing supply and availability, housing standards and urban planning" (COHHH, 2015).

1.8 Limitations of the study

This study used existing information and literature about housing policies of Namibia and South Africa. There were no interviews conducted to supplement available literature as the primary question dealt with identifying and examining similarities and differences.

1.9 Chapter outline

Chapter 1 provided the purpose of the study, research questions, historical background to the study and limitations of the study. **Chapter 2** provides a review of the literature on the evolution of housing policy, perception of housing policy, affordability, housing finance and the logical possibilities of housing policy. **Chapter 3 and 4** deals with perspectives on existing policy and legislative framework, housing institutions, impact of urbanisation, income inequality and financing for Namibia and South Africa respectively. **Chapter 5** describes the findings with regards to the similarities and differences between the housing policies of Namibia and South Africa, and answers the research questions as proposed under Chapter 1. **Chapter 6** contains an overview of the study, conclusions reached and recommendations for future research.

CHAPTER 2
LITERATURE REVIEW

2.1 Evolution of housing policy

"The overarching idea of housing policy in the 1970s was that public assistance could be used to build on the strengths of the sector rather than to replace the informal sector. Although this may seem a relatively straightforward notion now, it faced considerable resistance at the time. Most developing areas still produced expensive and heavily subsidized housing that could meet only a fraction of demand. More- over, demolishing squatter settlements was a widely practiced, if not explicit policy, in many countries. As Turner (1976) argues, providing only basic services and shelter allowed poor families to expand their units over time as their savings and resources permitted and to use their own labor to maintain and increase their wealth.

In effect, most countries' housing policy at the time was the public sector attempting to replace or control the private sector rather than to complement it. For instance, in the late 1980s the 15 countries established from the former Soviet Union as well as Argentina, China, India, the Republic of Korea, Mexico, and many African countries had very active public housing programs. At the same time, many of them proscribed or actively discouraged private housing production. The work on housing demand also provided a basis for understanding the standards and units that low-income families could afford. It sought to demonstrate how and why the high standards pursued in most countries not only left the public sector unable to meet housing demand but also drove so much housing supply into the informal and illegal sectors. It also showed the importance of focusing on such details as the kind of housing units that poor people could afford without subsidies. That is, the work emphasized why the units produced could be sustainably financed only if lower and more modest housing standards appropriate to beneficiaries' income levels were used" (World Bank, 2004).

2.2 Perception of Housing Policy

"Policy means Plan of action, statement of aim and ideas, especially one made by a Government, political party, and business company", Sulaiman, Baldry and

Ruddock, 2015). “Policy is extremely difficult to define with any precision; the term is used to depict those parameters shaping acts and strategic moves that direct an organization‘s essential resources towards perceived opportunities in a changing environment”, Bauer and Gergen (1968). “Policy is designed to give direction, coherence and continuity to the courses of actions”, (Litchfield, 1978). “Housing policy can be defined in terms of measures designed to modify the quality, quantity, price, ownership and control of housing”, Malpass and Murie (1994).

As Van (1986) explains, “housing policy is the implementation mechanisms to make a fundamental switch from a concern about housing as an output to housing inputs”. In terms of government responsibilities in delivering adequate shelter, paragraph 61 of the UN-Habitat (2005) cited to wit: —All governments without exception have a responsibility in the shelter sector, as exemplified by their creation of ministries of housing and agencies, by their allocation of funds for the housing sector, and by their policies, programs and projects. The provision of adequate housing for everyone requires action not only by governments, but by all sectors of the society including the private sectors, non-governmental organizations, communities and local authorities, as well as partner organizations and entities of the international community.

Within the overall context of the enabling approach, Government should take appropriate actions in order to promote, protect and ensure the full and progressive realization of the right to adequate housing. The scarcity of housing also causes bulge prices, making problems in the supply of affordable housing. However, deficiency is not only intense as most poor people do not live in poor areas and most of the people who live in these areas are not the real poor‘s (UN-Habitat, 2005). Subsidies by government were needed, but the high initial subsidies, required to launch the standard housing, fell quite fast and most stocks throughout the country proved to be self-supporting (UN-Habitat, 2005). Housing policy lead to house provision through a simple process of integrating supply and demand.

2.3 Affordability

Affordability is not restricted to housing alone; it encompasses other basic household costs (Burke, 2004). There are rental affordability, existing and future home affordability (New Zealand, 2004). Household that spent more than 30% of its annual income on housing, that household has Affordability problem (Hulchanski, 1995). Ability of a household to pay for housing without feeling the worries (Glaser, 2003). Acquire a standard housing without imposing unreasonable burden on the household income (MacLennan & Williams, 1990).

Smart Home Design enables different people to live a better life (Dewsbury, 2001). Low income earners prefer to build houses in their own design and locate close to relatives (UNESCO, 1998). Family Ties and Home production are closely entrapped (Wally, 1993). Adapt culture in new site and situations (Scott & Tilly, 1982). Homeowners often have more freedom in decorating, landscaping, and may build equity in their homes (First Trust Mortgage, 2012). Children of Homeowners perform better at schools; have less behavioral problems, have better chance of maintaining property and are the better citizens (Haurin, 2002).

2.4 Housing Finance

The need to develop a sustainable supply of finance to fund housing investments continues to be an important part of any set of policy measures to improve housing affordability. However, the change in the opportunities and problems confronting financial sector policymakers has changed the focus of research. In the 1980s the central mortgage finance problems had to do with contracting problems and the risks posed by high inflation rates. Based on arguments by Friedman (1974) and Modigliani and Lessard (1975), as well as the period's high inflation rates, a considerable amount of work focused on ways to change mortgage contracts to accommodate higher inflation, for example, Aim and Follain (1984) and Fishlow (1974). By contrast, in the lower-inflation world economy of more recent years, globalization and the ability of the financial sector to withstand economic shocks have emerged as more important concerns.

Indeed, as mortgage markets liberalized and became increasingly integrated into the broader financial markets, the supply of mortgage credit expanded, and new financial instruments, such as securitization, are being increasingly used to provide broader access to mortgage credit. Research in this more expansionary but perhaps more cautionary period has focused on new ways to allocate the risks of mortgage lending to those with comparative advantages in such risk-bearing. It has also focused on the macroeconomic implications of the links between financial and housing market policies.

Nevertheless, Mitlin (1996) shows that housing finance for poor people has developed on the scale conjectured in the 1986 review in only a few cases. This does not mean that housing finance is not emerging in developing area, though. In fact, because many of the countries where housing finance has developed in recent years are so populous - such as China, India, the Republic of Korea, Malaysia, Mexico, and Poland - a majority of people in developing countries, if not a majority of the countries, now have access to market-based mortgage credit. But the real promise for assisting low-income families with housing finance is emerging slowly through one of the most promising financial innovations of recent years: the success of microfinance institutions, which offer the possibility of finance for poor people and are increasingly being used to improve the housing conditions of poor people.

2.5 Possibilities of housing policy

Lundqvist (1991) has proposed a more inclusive starting point for the comparative analysis of housing policy. His approach is to conceive of the set of all possible policy options and to match geographically and historically divergent approaches to policy against this set. Lundqvist's model is derived from what he considers to be a general logic (that is, outside a particular national context) of housing provision and a conceptually exhaustive model of policy options.

The logic of the housing process is that of a system continuously adjusting dwellings to households. In market systems, this occurs essentially through the production and supply of dwellings for a price by a provider and the exercise of demand (purchasing power) by a household (consumer). Governments everywhere regulate, subsidise and tax different components of this process (thereby affecting both purchasing power and price to different intensities) and all categories of possible government intervention in the process can be analytically determined. Charting all possible government interventions enables the pattern and extent of actual interventions in particular cases to be compared.

Additionally, as the approach reveals arenas of non-intervention, it leads to questions about why policies are not adopted. For policy development purposes, it enables possible avenues of state intervention to be identified (Lundqvist, 1991).

Lundqvist claims that his suggested approach promotes independent analysis; that is, not linked to prevailing policy objectives, policy discussions and political movements. Obviously, this means that, by itself, the approach cannot answer questions of why different policies develop.

However, it can provide a starting point for a comprehensive comparative description and it can lead to the identification of interesting matters for investigation. In fact, Lundqvist (1991, p. 86) was not concerned with policy content analysis for its own sake but as a starting point for evaluating its consequences: "…a study adding to our cumulative knowledge on causes for differences in policy content is - if staying at that - literally a study of no consequence". In his own research on the impact of the privatisation of housing services, he combined policy-centred analysis with the structures of housing provision approach and the theory of power, which underpins welfare regime analysis (Lundqvist, 1992).

Berry (1983) was one of the early researchers to consider in detail the state's role in housing and urban development from a political economy perspective. He proposed a three-way functional typology. One function supports the provision of market housing. This entails establishing the infrastructure and organisational framework within which the housing commodity is produced, exchanged and consumed. The most fundamental element of this framework is the legal system for defining and enforcing property rights. The planning system also contributes to this function through providing the organising and legitimating framework for development. A second role is 'market supplementing' - changing the parameters within which market relations occur - for example, subsidising the cost of infrastructure, housing production or housing finance. Finally, the state may act in a 'market replacing' role - providing housing outside of the market system (sometimes referred to as 'decommodified' relations) such as occurs with (some or all of) the production, ownership, pricing, allocation and management of social housing.

The history of European housing policies illustrates the full range of housing policy instruments. By the end of nineteenth century, Western European governments had already undertaken demolition programmes and introduced building standards legislation to address public health effects of low quality housing. However, demolition and higher standards do little to improve access and affordability for low income households (EU DG, 1997). Measures that were proposed for implementing the policy were mainly financial - state subsidies, loans and housing grants - and would influence what was being built (Ekbrant, 1979). Rent controls introduced in some countries during World War I, were extended more widely in the 1930s, and became nearly ubiquitous throughout Europe after 1945.

The suspension of rental market mechanisms for low income housing provision led, in many countries, to the displacement of market provision by non-market housing, or social housing. The sector grew steadily throughout the first half of the century, and then expanded markedly with reconstruction and welfare state provision from 1950-1980 (EU DG, 1997). Unit quality was ensured by building standards (though neighbourhood quality was often disastrously, de-emphasised) and accessibility for low income households was ensured by below market rents and housing allocation according to social priorities (Priemus, 1997). Mixing policies have been introduced in most of the countries first and foremost as a strategy to combat residential segregation and decrease the spatial concentration of disadvantaged households (Sarkissian, 1976).

Internationally, several different methods have been used in order to achieve social mix. In the post war period two distinctive implementation approaches have evolved, one that targets deprived households, and another that targets the housing structure. The first approach aimed at decreasing negative neighbourhood effects through the dispersion of deprived households. The second social mix approach aimed at creating a mixed housing structure (in terms of housing type, tenure and/or apartment size) through the construction of new urban developments (Holmqvist and Bergsten, 2009).

In contrast, in neo-liberal and strongly market-oriented states such as the US, exists indeed a strong relationship between having a job and social indicators like income, education and quality of housing. In such situations, unemployment often results in low incomes and poor housing. There is a great risk that such an unemployed person will, together with others like themselves, end up in a specific low quality segment of the urban housing market (Ostendorf et al., 2001). One important consequence of this is that income inequality is much greater in the US than in European countries. Although food and shelter are basic human needs, housing is not a fundamental right in the US. It is primarily a consumer item, susceptible to the rules of the market.

The government's limited influence on the housing market is also one of the main reasons for persistent segregation and for the social problems this causes (Burgess, 1998). For most of the country's history, the private sector has built housing (Veldboer et al., 2002). The public sector (both the local and federal government) has generally regulated size, architectural style, and location of new houses, but has not built many by itself (Burgess, 1998). Consequently, most of the US housing supply is privately owned, inhabited by the owner, or rented to others. Public housing is very limited (3% of the total housing stock) and primarily concentrated in a few cities. Segregation in US inner cities is often a matter of race. In cities more than a third of the Black inhabitants live in 'hypersegregated' areas, meaning that they seldom have contact with other population groups. The spatial distance is so extreme that living in these neighbourhoods can become an autonomous cause of deprivation and poverty (Wilson, 1987; Deurloo et al., 1997).

CHAPTER 3
NAMIBIAN HOUSING PERSPECTIVE

3.1 Policy and Legislation

The National Housing Policy of Namibia clearly states that the role of Government is to facilitate and promote partnership between all relevant public and private parties concerned with the delivery of land, shelter and human settlement development (Namibia, 1991, 2009).

An analysis by the Centre for Affordable Housing Finance and the World Bank (2015) reveals that the National Housing Policy (NHP) aims to make resources available and to direct their use into the production of infrastructure and facilities so that every Namibian will have access to acceptable shelter, in a suitable location, at a cost and standard that is affordable to the individual and to the country. The NHP also recognises the needs of the low-income segment of the housing market. To meet the needs of the lowest income people (including recognised welfare groups) who cannot afford to participate in established formal housing delivery programs, the policy advocates the establishment and use of intermediary organisations such as savings and credit societies aiming to pool the resources of the lowest income groups. For the homeless, the policy states that the primary responsibility of government is to provide them with access to those aspects of housing delivery that are beyond the means of individuals to acquire for themselves including access to loan finance. The NHP advocates that public funds will be supplementary and used to improve and stimulate private sector finance system, especially through the mobilisation and local deployment of private savings.

Namibia also has a National Housing Development Act, which forms an important part of the legislative framework on housing. The Act establishes the National Housing Advisory Committee, the housing revolving funds by Regional Councils and Local Authorities, and establishes Build Together Committees for Regional Councils, Local Authorities and resettlement areas to provide low cost residential accommodation within their respective areas (Namibia National Housing policy, 2009:9)

Further to that, the amended Local Authorities Act of 1992 establishes housing schemes by a municipal or town council with the approval of the portfolio Minister.

Housing schemes established under the Local Authority Act must further establish funds known as the Housing Fund. The money in the fund may be utilized for purposes of the construction, acquisition or maintenance of any dwelling, the cost incurred in connection with the administration of any housing scheme and for any other purposes as approved by the Minister in writing (Namibia National Housing policy, 2009:9).

Vision 2030 is the long-term framework for national development of the government of Namibia in providing access to adequate shelter, sanitation and water for 60% of the low-income population by the year 2025. Vision 2030 projects a 100% access to acceptable sanitation by 2030 in urban area and 50% in rural areas. The object of Vision 2030 is to make Namibia an industrialised, developed country by the year 2030. Under the objectives of poverty reduction and promoting a healthy human environment, access to adequate housing with water and sanitation facilities are identified as goals to be achieved by 2030 (Vision, 2030, pp. 59 and 105).

National Development Plans (NDPs) are drafted in five-year intervals towards achieving Vision 2030. Regional Development Plans are produced by Regional Councils with the inputs of Local Authorities, setting clear development targets for the regions after every five years. These plans are in turn incorporated into the National Development Plans. Housing is integrated with other developmental sectors so as to act as catalyst for economic development and growth in all thirteen regions of the country towards realising Namibia's economic development goals. Land and services, such as water and sanitation are basic inputs into a housing infrastructure and hence, the role of the housing sector is of utmost importance in helping the country to make progress in its development efforts (Namibia National Housing policy, 2009:10).

There is also the National Poverty Reduction Action Plan, which states that line Ministries, Regional Councils and Local Authorities will be involved in poverty reduction efforts by focusing on such sectors as infrastructure investment, education, health, agriculture, SME development, tourism, labour-based works, grant-bases transfers, public services, and decentralization (Namibia National Housing policy, 2009:10). In implementing the Plan, the government recognises role civil society plays in poverty reduction.

The government of Namibia introduced the Flexible Land tenure Act to allow for registration of untitled land in order to create a market for housing in communal areas with the object of promoting the provision of housing finance. Housing finance has a strong policy and regulatory basis in Namibia, which is articulated in both long- and medium-term national policies. The national policies also explicitly recognise differences in the upper and middle-income versus the lower segments of the market and advocate provision of housing finance to the lower income segments of the population.

3.2 Housing Institutions

The National Housing Enterprise (NHE), established by the NHE Act of 1993, a State Owned Enterprise, was created to provide home ownership by providing credit facilities in the form of housing loans to low- and middle-income households. Further to that, the NHE provides affordable housing through interest rate subsidy and management of a Government-capitalised housing subsidy fund to provide for indigent cases in Namibia. In collaboration with regional councils, the NHE implements a rural housing development programme and undertakes housing development projects in urban centres of Namibia (NHE Act, 1993). NHE works with local and regional structures to ensure that land is developed quickly but at affordable cost (Namibia National Housing policy, 2009:11).

Created by individual citizens, the Shack Dwellers' Federation of Namibia (SDFN) is a non-governmental savings organisation comprising 620 housing groups, which assists its members to obtain land and infrastructure for housing purposes. The SDFN provides members with loans ranging from a minimum of NAD8, 000 to NAD26, 000, with the main determining factor of the loan value being the ability to repay the loan. The loans are repayable within a period of 11 years at an interest rate of 0.5 per cent per month. However, in order to qualify for a loan, a member is expected to provide an advance payment equivalent to five per cent of the loan amount. After the land is purchased by the SDFN, the individual members are collectively involved in clearing the land, as well as undertaking other manual labour during the construction phase. The Namibia Housing Action Group estimates that this helps to reduce construction costs by as much as NAD705 per square metre.

3.3 Impact of urbanisation on housing

The extent of the housing shortage and affordability in urban areas in Namibia is enormous. Indongo (2012) argues that urgent multi-faceted intervention is needed to address the situation since housing is affected by policies in other sectors. There is no doubt that urbanisation is a process that is good for business and economic development. The movement of people to urban areas brings with it opportunities to earn income, and increased buying power. Indongo (2012) observes that urbanisation has also contributed to increased number of men and women accessing good education, specifically tertiary education, which is a proxy for wealth. However, the influx of people to urban areas has resulted in expansion of informal settlements in most towns of Namibia, causing high demand for services in urban areas and increased poor housing conditions. There is need for formal housing in most towns of Namibia, especially to cater for the low-income earners in order to avoid illegal occupation of unserviced land.

Although the Government of Namibia has embarked on Mass Housing programme since 2012, its impact is yet to be assessed. In June 2015, Xinhua reported that less than 3 000 units have been built to date. This is far less than the target of 10 000 per year. Agencies responsible for establishing new towns should open up new areas serviced with relevant infrastructures in order to tackle the growth of informal settlement. Since urbanisation is an inevitable process which is not anticipated or planned for, the challenges faced by it are many and tackling them requires good knowledge of the characteristics of the people accessing the urban areas as well as accurate projections of future urban growth (Indongo, 2012).

3.4 Income inequality

According to the National Planning Commission (2014), the housing sector in Namibia could be segmented into three (3) broad categories, namely: Ultra Low and Low income earners (blue-collar class), Middle-income earners (white-collar class) and Upper class (Rich and the superrich). The latter is not experiencing problems in acquiring houses because they are capable of providing collateral or have the means to purchase houses. Furthermore, NPC (2014) notes that the middle-income earners are in three subcategories namely, the low, lower middle and upper middle. The latter has enough income to acquire a house through financial institutions. The low and the lower middle-income earners, earning between NAD 100.00 and less than NAD4

600.00 per annum, are the ones who are the hardest hit by housing shortages. These groups do not qualify for housing loans from the financial institutions due to lack of collateral and low-income base. They are marginalised in terms of access to affordable and adequate housing. These groups are the targets for low cost housing/ affordable and adequate housing, which is being advocated for by the government and Non-Governmental Organisations/Community Based-Organisations (NGOs/CBOs) in the housing sector (NPC, 2014).

The concept 'low cost housing' has been misinterpreted as housing, which does not have quality and would not last and thus has drawn lot of criticism from a wide spectrum of civil society (NPC, 2014). 'Low cost housing' refers to a type of housing scheme that enables low-income earners to acquire houses from both the central government through the Build Together Programme (BTP) and other schemes operated by the Regional Councils/Local Authorities. In order to reduce the cost of the house but not the standards and quality, appropriate alternative/local building materials are used to construct 'low cost houses' (NPC, 2014).

The housing prices in Namibia are, amongst others, increasing due to the persistent economic crisis, which results in increase in inflation, unemployment, lack of serviced land/plots, fuel and other commodity prices. According to the Knight Frank Global House Price Index (2013) Namibia is ranked the fourth (4th) highest in terms of increase house prices, thus making it increasingly difficult for low and middle income groups to acquire housing. One of the methods recommended to arrest this trend is by making use of alternative/local building materials. Another method is to engage all the actors in the housing sector to make tailor-made packages for low and middle-income groups. The initiative is also exploring the development of alternative/local building materials and for inclusion in the Namibia Standards Institute on building materials and construction standard (NPC, 2014).

The National Planning Commission (2014) recognises that one of the reasons for the rising housing prices and supply having been outstripped by demand is the lack of serviced land. With this initiative the Government of Namibia is looking at strengthening in the implementation of the Targeted Intervention Programme for Employment and Economic Growth (TIPEEG) program with regard to the planning, surveying and provision of basic services to plots/land for residential and other land use purposes with emphasis on low cost housing. The Government of Namibia is emphasising the importance and also improving on pro-active planning with regard to town and regional planning, review of policies and legislative framework which impede delivery of affordable and adequate housing (NPC, 2014).

Demand for housing in urban areas has increased exponentially over the past two decades, considerably outpacing supply. In addition to demographic adjustments in terms of the urban- bound versus the rural populace, the demand for housing is also fuelled by speculative activities and the increased volume of foreign cash-buyers.

The urbanisation trend observed since the 1990s is one of the key factors having an incremental effect on the demand for housing, especially in Windhoek. The majority of the population migrates to urban areas on the premise of accessing better living conditions and employment opportunities. Data from the City of Windhoek shows that the city's population has been growing by 4.5 per cent every year between 1995 and 2006. This effectively translates to a growth rate of roughly 54.8 per cent over that period. A good proportion of these migrants form part of the low skilled segment of the labour force, so that if they do secure employment they most likely join the low-income household pool. It is indeed this segment of the population that cannot access the formal housing market. Thus, the burgeoning urban population is further crippling the ability of local authorities to provide adequate housing to residents (Centre for Affordable Housing in Africa, 2014).

In addition to the already buoyant demand, high-income earners buying residential properties for investment purposes introduce further strain. These speculative buyers are lured to the market by the sustained appreciation of house prices over the years, which guarantees a positive return on investment. These massive investments for gains have partly been contributing to the steep rise in house prices. Furthermore, the monthly income accruing to investors in the form of rentals has also increased over the years. According to the Centre for Affordable Housing in Africa (2015), rental inflation data from the Central Bureau of Statistics indicates that rental costs which were rising by less than two per cent during much of the last half of the 2000s has since picked up to over 12 per cent in 2011. The continuous rise in rental payments also partially induces individuals to rather buy properties instead of leasing and that further fuels housing demand.

There has also been an increasing trend of foreign acquisition of properties in Namibia over the years. Since the domestic residential market essentially follows a free market system, the assertion is that foreigners with superior buying power have an advantage when it comes to property acquisition. Any seller will seek to maximise his/her profits by transacting with a party who offers the highest price and/or is able to transact on a cash basis. And since there effectively is no ceiling on the mark-up from property sales, the seller can float an asking price as high as possible. This elevation of prices has hindered the entry of first-time buyers and low-income residents with little savings to the market. This practise has helped drive up prices, especially at the coastal town of Swakopmund where beachfront holiday homes are in high demand (Centre for Affordable Housing in Africa, 2015).

The supply of affordable housing to low and middle-income households in Namibia has not been rising fast enough to meet the housing demand profile. The land delivery process is hindered by unavailability of serviced land, while the rising cost of building materials further contributes to increasing the cost of constructing housing units.

A recurring assertion by stakeholders in the housing market is that the supply of serviced land, in Windhoek especially, is lagging behind demand. As a result, agents are forced to scramble for property developments on limited land space, which has a significant bearing on the prices of existing houses. The counterpoint from local authorities is that it is expensive to service land, especially in the mountainous regions. For one, the land surveying and planning expertise required are in limited supply in the country, hence it is expensive to employ. Moreover, most of the land surrounding the municipal areas is privately owned and acquiring it will require enormous capital investment, while local authorities are resource constrained to attempt large-scale land acquisition, the Centre for Affordable Housing in Africa reported in 2014. Currently, the City of Windhoek (as well as all other 1st tier municipalities in the country) does not receive any financial support from Central Government to improve the land delivery process. The process of acquiring virgin land in order to service and develop it is also cumbersome and lengthy, taking as long as four years to get approval from the relevant authorities.

The rising costs of building materials contribute to the appreciation in house prices. The aggregate cost of constructing a house includes the profit margin accruing to a contractor, employee wages and material costs. These factors have risen over the years and this is argued to have contributed to house price appreciation. The absence of a construction index in the country makes it hard to ascertain the validity of this assertion. The prices of conventional building materials, such as cement, have escalated between 2008 and 2009 when construction activities in Angola and South Africa were at peak in preparation for the African Nations and World Cup football tournaments. The effect of these activities has since subsided. Inflation in the sub-category of regular maintenance and repair of dwellings, a proxy series from the Namibian Consumer Price Index (NCPI), in which the price of cement is captured, had risen above 50 per cent but has since fallen to less than two per cent since 2010. This slowdown has, however, not filtered through to house prices, implying that there are other determinants of escalating house prices over and above building material costs.

In highlighting the challenges the Government of Namibia is facing, the National Planning Commission notes that various procedures applicable in the process of acquiring a property in Namibia are also argued to have a bearing on escalating property prices. There is also a perception that stakeholders, such as property valuators, developers and real estate agents, unnecessarily inflate house prices to rake in maximum profits based on the knowledge that there exists excess demand in the market and they are guaranteed to secure a purchaser for every property with an on-sale tag. Furthermore, NPC (2014) observes that fees charged by lawyers for handling property transfers further contribute to driving house prices out of reach of low-income households in particular.

Auctions, the main technique used by local authorities to dispose of land, are yet another factor contributing to the rising property prices. The auction procedure is used by commercial banks to recover their cost in the event of defaults on mortgage loans, while the City of Windhoek auctions off new erven on serviced land to recoup the cost of land clearing and servicing. The starting price is set based on the property valuation in case of the former, whereas for the latter it is determined by the cost of servicing per square meter. Depending on the financial standing of the bidders, the sale price could increase as much as four-fold. As a result of this highest bidder arrangement, low-income households find it extremely hard to compete and hence to access land in Windhoek and other metropolitan areas which rely on the auction procedure (Centre for Affordable Housing in Africa, 2015).

The fact that participants at auctions are not properly filtered to balance the playing field does not help the situation. At some auctions, first-time buyers are forced to compete for erven with wealthy property developers. This procedure effectively guarantees access for high-income households while shutting the door on those in the low-income brackets. To make it worse, the municipality specifies the time period within which the house must be constructed and further requires that the final structure erected must be valued at between two and four times the initial cost of acquiring the erven. This requirement, Centre for Affordable Housing in Africa (2014) reports, puts further financial pressure on prospective house owners, some of whom already struggle to finance the land purchase. There have been reported cases of people defaulting on erven payments and thus ending up unable to complete the house construction, which underlines the point.

From the perspective of the City of Windhoek, however, the auctions are warranted, as it is a fair method of distributing land in the presence of buoyant demand. In addition, this procedure rakes in profits that the municipality diverts towards funding new capital projects and also cross-subsidising municipal services in low-income areas. To enhance access to land by first-time buyers, the municipality recently introduced the offer-to- purchase procedure, which allows first-time buyers to bid for vacant plots amongst one another. In contrast to normal auctions where the highest bidder is considered, through this method the going price is determined as the average of the bid prices.

3.5 Financial Market

Namibia's financial banking system, with strong links to South African financial institutions, is mature and efficient (Centre for Affordable Housing in Africa, 2015). According to Centre for Affordable Housing in Africa (2015) there are 7.5 commercial bank branches per 100 000 adults and 50 ATMs per 100 000 adults in Namibia. Namibia scores high in terms of 'ease of getting credit', in 61st place out of 189 countries, although down 11 places from 50th place recorded in 2014.

There are four large commercial banks in Namibia, all privately owned. Three of the banks (Nedbank, Standard Bank and FNB Namibia) are subsidiaries of South African banks; the fourth (Bank Windhoek) is Namibian-owned. EBank, a branchless commercial bank began operations in November 2014 and is Namibian owned. FIDES Bank Namibia, a micro-credit bank and the SME Bank focus on small and medium-sized enterprises. Furthermore, there is Development Bank of Namibia responsible for financing development infrastructure, one savings bank (Nampost), an ABSA Representative Office, 16 insurance companies and 297 micro lenders. Namibia's banks are regulated by the Bank of Namibia (BoN) while insurance companies and micro lenders and regulated by the Namibia Financial Institution Supervisory Authority (NAMFISA).

Namibia's financial system is regarded to be one of the most sophisticated and highly developed financial systems in Africa, with financial sector assets that stood at 170 per cent of GDP (NAMFISA, 2010). Commercial banks dominate the financial system with a share of 38 per cent of total assets, while pension funds accounted for about 35 per cent and insurance companies for 20 per cent (Baumgartner & Abdoulaye, 2006, *cited in* Hasheela, 2013).

Although, commercial banks in Namibia are generally regarded as well capitalised and profitable, it is generally felt among the poor and policymakers that commercial banks fail to utilised their high profitability to improve access, particularly in rural areas (Bank of Namibia, 2012).

Despite the positive attributes about the Namibian financial sector and system in general, the lack of collateral and distance between rural villages and urban centres continue to limit access to banking services and products for small- and medium-sized enterprises and the rural poor. From a recent FinMark Trust 2007 survey report, less than 15 per cent of Namibians use transaction, credit, or insurance services while 45 per cent of the total population use savings product. From the preliminary findings of the unpublished FinMark Trust 2011 survey report, the main reasons cited as barriers to banking services are the lack of money, the minimum balance requirement, high bank charges, lack of consistent income flow, and lack of necessary documentation required by the financial institutions.

The pension fund sector, which was established well before Namibia's independence, is also well developed in terms of total assets size and maturity. The assets of the pension funds sector accounted for about 64 per cent of GDP in 2008. By law, pension funds are required to invest a minimum of 35 per cent of their total portfolio in local assets, and have historically held an additional 10 to 20 per cent in government bills and bonds. The flexible application of investment guidelines has allowed for the continued diversification and good performance of the funds' returns (Baumgartner & Abdoulaye, 2006, *cited in Hasheela, 2013*).

The same study further argued that Namibia's membership in the Common Monetary Area provides financial institutions with significant benefits such as free capital flows, which allow for more efficient allocation of capital within the region. Access to South Africa's financial markets also helps financial institutions diversify risks and mitigate weaknesses in domestic supervision and human resources. In addition, the peg to the rand has helped reduce inflation and provided predictability in exchange markets (Hasheela, 2013).

The Namibia Shack Dwellers Federation helps local savings groups to negotiate for access to public land with bulk services financed by 5–8-year local authority loans with an interest rate of 15 per cent or less. Members are allowed to settle on plots of about 200 square metres, half the legal plot size. Prices vary between N$1400 and N$6000, with monthly repayments of N$30–80. To improve affordability, the state allows families to remain in shacks while they progressively improve their shelter. The lowest-income members use their savings to improve infrastructure, extending communal water and sewerage connections to their plot while paying off the land loan from their income.

Pensioners (the lowest income group, with a monthly state pension of N$1000) and who are in need of housing improvement but who are unable to repay the full costs of a loan construct simple one-room dwellings financed by their Urban Poor Fund. They pay N$50 a month to cover the interest charges. When the occupant dies, the family can purchase the house by paying off the full cost of the loan; or the unit is sold to another member. Higher-income households borrow, through the federation's loan fund, from a state housing programme (Build Together) which provides one-off loans of up to N$40 000 to households that are assessed as being poor but with sufficient income to repay the loan, Mitlin (2011) concludes.

To promote enhanced access to financial services, Namibia launched a Financial Sector Charter (FSC) in May 2009, which will be in effect until 31 December 2019 (Centre for Affordable Housing in Africa, 2015). The FSC is a voluntary code of conduct for the transformation of the Namibian financial industry. Among its objectives are creating greater access to and affordability of financial products and services. There are specific targets regarding lending to formerly disadvantaged members of the population, which should encourage even greater lending by the financial sector (Centre for Affordable Housing in Africa, 2015).

FinScope Namibia 2014 reports that the number of people who are unbanked has decreased from 50 per cent in 2007 to 31 per cent in 2012, with usage of insurance doubling over the period, according a to a report released by the Centre for Affordable Housing in Africa (2015). Transaction banking and savings also increased by about 30 per cent. Use of credit and loans went up by five per cent, from 15 per cent in 2007 to 20 per cent in 2011. The FSC targets anticipate that 74 per cent of Namibians will have access to financial service by 2019. In 2012, the FSC developed new legislation to establish a regulatory framework for tier II banks, which will serve as microfinance-oriented banks with a special focus on serving the low-income segment of society.

3.6 Alternative financing

The Mass Housing Development Programme (MHDP) was launched and implemented by the Government of the Republic of Namibia in 2013 in order to increase investment in the affordable housing sector to increase the production of the housing stock and significantly increase the supply towards meeting the demand for housing in the country. It is intended that an increase in the housing supply will result in the reduction of the prices for houses in the long run as the economic principle of supply and demand dictates.

Furthermore, in order to ensure that the government can deliver on its affordable housing delivery targets, the Presidency has proposed that the funding model as was proposed in the mass housing Blueprint will be used for the implementation of the Mass Housing Development Initiative including financing modalities tailor-made to resource the sub-programmes (2015). Private developers play a vital role in the housing construction industry and therefore have been encouraged to refrain from charging exorbitant and inflated prices (The Presidency, 2015).

The Centre for Affordable Housing in Africa (2015) summarised four major sources of funding model for Mass Housing Development Initiative as follows:

1) Government grants and subsidies: The government will provide, within its resource capacity, annual grants to households in the income bracket of between NAD1 500 and NAD4 900 per month. To start with, Government subsidies will mainly go towards land development, building input cost mitigation, rural sanitation and programme management. Current Government grants provided under 2013/2016 Medium Term Expenditure Framework (MTEF) for housing projects will be diverted to the mass housing development programme and will serve as a start-up capital to kick-start the programme. The immediate impact of the subsidy is that income-earners who fall under the income bracket are being helped.

2) Public Private Partnerships Significant financial resources will be mobilised through public private partnerships to be entered into between the National Housing Enterprise (NHE) and private sector entities. The partnership model, which is already being pursued by the NHE in its current capital financing operations, entails the mobilisation of funding through turnkey solutions, bridging finance and co-end user financing. Companies that bring in finances and have the technical capacity to construct, whereas bridging financiers are those that provide funding to enable the roll out of projects and immediately recoup their investment at the completion of such projects, provide turnkey funding solutions. End-user financing is provided by commercial banks that have entered into partnerships with NHE to finance part of the clients, while NHE finances the remainder of the clients. The first phase of the programme is

being implemented using conventional building materials (brick and mortar) whereas alternative-building materials may be considered in subsequent phases.

3) Debt financing by local and foreign financial institutions. The option of debt financing through conventional way of borrowing will also be pursued in financing part of the programme. In certain instances, borrowing by NHE will require Government support through the provision of a guarantee or other facilitative support.

4) Savings of households involved in SDFN housing schemes: The utilisation of savings of households involved in the SDFN housing saving schemes will also be used to partly fund land servicing and people housing processes component of the programme. An annual budgetary allocation of NAD50 million will be made to the Twahangana Fund operating under the auspices of SDFN assisted by Namibian Housing Action Group (NHAG). In the main, the federation has been more successful than the National Housing Enterprises. For example, in 2009, SDFN built 366 compared to 216 of the NHE.

According to the March 2015 First National Bank (FNB) Housing Index Cited in Centre for Affordable Housing in Africa, 2014), a median housing unit costs NAD842 000, up from NAD774 000 by a private developer in June 2014, while a small-sized property costs NAD280 000 by a public developer (NHE). In terms of affordability at the current interest rate, households need to earn NAD10 500 to afford a small house and NAD38 700 for a medium house. The average price of a house financed by FNB costs NAD720 000. As 93 per cent of the population earn less that NAD7 000 a month, the majority of the population cannot afford mortgaged housing in urban centres across the country.

A significant component of this cost is land and services accounting for over half of the cost. The average price per square metre for construction of a house by a government appointed contractor is approximately NAD5 000. In June 2014, the Ministry of Works and Transport compiled a new mass housing price guideline that proposes lower charges per square metre to curb the exorbitant charges made by many companies and middlemen who won tenders. Part of the recommendations was that companies reduce their prices by between 15-30 per cent to get the charge to around NAD5 000 per square metre as originally requested (Centre for Affordable Housing in Africa, 2015).

Despite these interventions, Namibia remains the second only to Dubai, in housing price increase in the world. The status quo has prompted a section of disgruntled youth lead by expelled Swapo Youth leader, Job Amupanda, to form the Affirmative Repositioning aimed at restoring the dignity of Namibian youth through access to serviced and affordable land. AR threatened to grab land if their demands were not met by 31st July 2015. Government engaged the group a week before the set deadline and together agreed to service 200 000 plots under the Mass Land Servicing Programme (MLSP). This has brought back a sense of calm and hope in the country. However, until such time that such agreement is realised, housing supply remains low and therefore increase the already high demand for housing.

The national housing backlog is estimated at between 80 000 and 135 000 housing units, which is growing at an annual rate of about 3 700 units. According to FinScope Namibia 2011, the majority of Namibians claim they own their housing, although the majority cannot prove this with a title deed. Only 24.3 per cent say they bought their home; the majority (62.4 per cent) say they built it themselves. A further 11.8 per cent inherited their homes. Some 38 per cent funded the ownership (purchase or construction) of their housing themselves through savings. An additional 36 per cent said that their housing did not cost anything, as they had used found materials to construct the dwelling, which suggests a high level of informal housing. 80 per cent of households have access to water within their yard and only 52 per cent of Namibians have access to some form of toilet (Centre for Affordable Housing in Africa, 2015).

3.7 Housing backlog

The main goal of the MHDP is to construct 185, 000 units by 2030 - averaging 10 000 units per year. The programme has faced funding challenges, which Government is currently addressing. Although the MHDP has produced more than 1 000 units between March 2014 and April 2015, the national backlog remains relatively high in excess of over 100 000 units, Centre for Affordable Housing in Africa (2015) reported.

Since 2003, the NHE has built about 450 houses per year for its target market: households earning between NAD5 000 and NAD20 000 per month Apart from constructing houses, the NHE has also been involved in servicing land in a number of local authority areas, resulting in a total investment in service infrastructure of about NAD145 million between 2006 and 2012 (Centre for Affordable Housing in Africa, 2014). Small NHE houses cost about NAD275, 000 on average - inclusive of land cost. NHE loans are offered at a maximum of prime (10.25) minus one per cent.

The private sector continues to engage with the demand for affordable housing. To this end, NHE has partnered with FNB Namibia, Standard Bank and Bank Windhoek, which partnerships have assisted the institution with the necessary liquidity to develop housing more quickly. As a result of such partnerships, NHE has been able to implement in-house projects in towns such as Eenhana, Swakopmund, Ongwediva, Windhoek, Luderitz and Otjiwarongo to the value of more than NAD365 million. Most of these projects have been completed while others are near completion. In the NGO sector, SDFN and its service NGO, NHAG, are active in 84 cities across Namibia and has since secured 1 621 hectares, providing over 6 000 families with secure tenure and 1 576 of these with toilets, water and electricity (Centre for Affordable Housing in Africa, 2015).

According to the World Bank's 2015 Doing Business Report, Namibia ranks 61st out of 189 countries for ease of registering a property, a significant rise of 117 places from 2014's ranking of 178. On average the eight procedures involved in registering a property take 52 days and cost 13.8 per cent of the property value. In mitigating risks associated with quality, Namibia made transferring property more difficult by requiring a building compliance certificate before conveyancing can go ahead. The limited availability of serviced land is mainly due to a lengthy and out-dated approval process for proclamation, surveying, subdivision and registration of land. According to the Presidency (2013), the various cumbersome procedures applicable in the process of acquiring a property in Namibia do have a bearing on escalating property prices of the limited housing stock available. The Government in 2015 resolved to amend such processes in accordance with the agreement reached with the Affirmative Repositioning Movement to fast track land delivery (The Presidency, 2015).

The National Planning Commission (2014) acknowledged that the scarcity of available serviced land is both slowing down the process of housing delivery and pushing up the prices of serviced land, and is the key challenge facing the housing sector. Land prices saw an increase of 109 per cent month-on-month in May 2014 and averaged NAD122, 000 for a $300m^2$ serviced stand and is therefore likely to add inflationary price pressure to new housing delivery further down the line. Land auctioning, the main technique used by local authorities to dispose of land until recently, is yet another contributing factor to the rising property prices (CAHF, 2015).

CHAPTER 4
SOUTH AFRICAN HOUSING PERSPECTIVE

4.1 Policy and Legislation

The Constitution of the Republic of South Africa (1996) states that "…everyone has the right to have access to adequate housing" and that the "state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right".

The Housing Act (1997) is the primary piece of housing legislation in South Africa. The Act states that all government structures must take into account the needs of the poor in housing development. The Act enjoins State institutions to provide a choice of housing and tenure options to the extent that is reasonable taking into account the financial position and social and economic status of the people, among other things.

Tissington (2011), in reviewing the legislative framework of South Africa wrote that the PIE Act provides safeguards against the eviction of unlawful occupiers living on both privately- and publicly-owned land. The PIE Act covers all those not protected by other legislation, which provides protection for specific individuals or communities facing eviction. The PIE Act is applicable to everyone who occupies land or property without the express or tacit consent of the owner or the person in charge of the land or property. This includes those who occupied land lawfully at some point in the past but who no longer have the consent of the owner to occupy the land in question, as well as to those who took occupation of land unlawfully in the first place (Tissington, 2011:16).

The Rental Housing Act (1999) is a piece of national legislation that regulates the relationship between landlords and tenants in all types of rental housing. Section 2(1)(a)(i) of the Act stipulates that it is the government's responsibility to "promote a stable and growing market that progressively meets the latent demand for affordable rental housing among persons historically disadvantaged by unfair discrimination and poor persons, by the introduction of incentives, mechanisms and other measures that improve conditions in the rental housing market", (Tissington, 2011:18)

The National Norms and Standards (2007) outline the minimum physical requirements for stand-alone dwellings. Each house must have $40m^2$ of floor space, two bedrooms, a separate bathroom with a toilet, a shower and hand basin, and a combined living area and kitchen. It must also have an electrical board installed that has access to electricity. There are further requirements regarding access to water, sanitation, roads, storm water drains and street lighting (DHS, 2007).

In 2008, the Social Housing Act 16 of 2008 (Social Housing Act) was passed, providing the enabling legislation for the Social Housing Policy. The Act aims to establish and promote a sustainable social housing environment and defines the functions of national, provincial and local governments in respect of social housing, allows for the undertaking of approved projects by other delivery agents with the benefit of public money and gives statutory recognition to social housing institutions (SHIs). Further, it provides for the establishment of the Social Housing Regulatory Authority (SHRA) and defines its role as the regulator of all SHIs that have obtained, or are in the process of obtaining, public funds. The SHRA also will deal with the accreditation of SHIs in terms of this legislation and regulations pursuant to it (quoted in Tissington, 2011:20).

4.2 Housing Institutions

The Housing Development Agency (HAD) is a national public entity created by the Housing Development Agency Act 23 of 2008 in 2009. It is tasked with the acquisition, management and release of state- and privately-owned land for human settlements development, and with providing project delivery support services to enhance the capacity of municipalities and provinces to deliver integrated sustainable human settlements (quoted in Tissington, 2011:23).

The National Home Builders Registration Council is a national council established in terms of the Housing Consumer Protection Measures Act 95 of 1998 with the mandate to protect the interests of housing consumers, by providing warranty protection against defects in new houses, and to regulate the home building industry so that it delivers sustainable and quality houses. Through registrations, enrolments, inspections, training, warranties and dispute resolutions it further aims to promote innovative technology and compliance as well as capacitate homebuilders (quoted in Tissington, 2011:23).

The Social Housing Foundation (SHF) is a non-profit company set up in 1997 in terms of section 21 of the Companies Act 61 of 1973, in collaboration with the

National Department of Housing and in accordance with the Housing Amendment Act of 1999. The SHF was established as the national custodian of social housing in South Africa and offered a range of services to those in the social housing sector, assisting primarily in developing and building capacity for SHIs. The SHF delivered expertise, products and services grounded in knowledge of the challenges of the social housing environment (quoted in Tissington, 2011:23).

The Social Housing Regulatory Authority (SHRA) is a new national regulatory authority created by the Social Housing Act and launched in August 2010. The principal function of the SHRA will be to increase the amount of rental accommodation available to people in low-income groups, particularly in urban areas. It will facilitate and channel increased funding for social housing projects, help to define new norms and standards in order to stimulate the development of new social housing projects in urban areas and oversee the accreditation of SHIs in terms of legislation and regulations (quoted in Tissington, 2011:23).

4.3 Urbanisation

Informal settlements have expanded in size and multiplied in number, with the latest government estimates indicating around 2700 shack areas countrywide accommodating about 1.2 million households (SACN, 2011, in Turok, 2012). Many urban shack areas serve an important function as reception areas or gateways for migrant populations, offering cheap entry points to gain a toehold in the urban labour market – a low-cost, accessible location from which to search for work (Cross, 2010, in Turok, 2012).

Turok (2012) observes that housing-budget allocations to provinces and municipalities have not taken demographic trends into account. Indeed most provincial and municipal budgets seem to be based on the 2001 Census as the baseline with no allowance for subsequent population growth. This is a serious weakness because it penalises urban areas to an increasing extent over time until the old Census figures are updated 10 years hence and budgets are adjusted accordingly, Turok (2012) concludes.

4.4 Income inequality

An understanding of housing pressures in South Africa depends on an analysis of demand – who, throughout the income spectrum, wants what kind of housing, and critically, who, given low levels of affordability, lacks even the most basic accommodation.

It is useful to look at the profile of the population from the perspective of housing sub-markets, as a way of beginning to develop ideas about housing demand. Gardner (2004) identifies eight 'sub-markets', defined by the trade-off between the theoretical demand generated by a combination of households' own resources, subsidies and credit correlated against the practical ability (or inability) to access available accommodation options. Each sub-market therefore has a specific affordability profile, problems and needs.

In understanding the following illustration, a first important observation relates to the distribution of household income in South Africa. The high proportion of all households in the lower income categories is clear, with about 79% of all households falling into the fully- subsidised housing market (with household incomes of less than ZAR3500 per month), an additional 11% earn between ZAR3 500 and ZAR7 500, and (up to ZAR7000 household income) are eligible for the new 'deposit subsidy', and a full 38% earn no wage income at all (Gardner 2004).

Of course, these sub-markets are not static. The population growth rate by individuals and households varies across sub-markets such that over time, the proportional distribution may be different. Job creation initiatives, for instance, might facilitate increases in household income and the movement of people from one sub-market to another. In-migration of job- seekers from other countries, as well as urbanisation may increase the proportion of the lower income sub-markets. Affordability is impacted quite significantly by the combined incidence of CPIX undermining the purchasing power of households and a static income threshold for subsidy eligibility resting at ZAR3500 per month.

Housing subsidies are, however, only as available as the national allocations allow, and provincial or local capacity to convert them into housing opportunities. Housing finance is dependent on wider market forces that influence the risk parameters for lending and the lender's willingness to engage in the market, coupled with the borrower's predisposition to take up products on offer.

Gardner (2004) notes that ninety per cent of the population cannot afford housing costing more than ZAR190 000. Of the population that can afford finance, the bulk (17%) is limited to an affordability of housing between about ZAR100 000 (households earning ZAR2500 per month, eligible for a housing subsidy and able to afford about ZAR50 000 of credit, could presumably afford a house of about ZAR93 000) and ZAR189 000 (with a repayment amount of 25% of income, a household earning ZAR7500 per month could afford approximately ZAR170 000 in credit, which together with a deposit might yield a house of about ZAR189 000). A further 10% of the population might afford an improved RDP house – adding between ZAR6 000 and ZAR18 000 credit to the subsidy amount. As much as 63% of the population is dependent on the state subsidy for meeting their housing circumstances.

Clearly any shortages of suitably priced, mortgageable housing stock would effectively prevent households who lie in the market enablement zone (20% of the target market, or 800 000 households) from accessing a mortgage. However, while the stock shortage is understood to be significant, it is not clear to what extent it impacts on those within the mortgage market development zone (53% of the target market), given their ineligibility for existing mortgage products. Reasons for ineligibility relate to the age of the borrower (persons older than 45 years of age cannot access a 20 year mortgage product because of the requirement they finish payment before retirement), their current credit profile (many in the target market have multiple judgments against them), their affordability given other financial demands (many in the target market already have other obligations), and so on.

It is no doubt the case that access to mortgage finance could be enhanced if lenders restructured and optimized the structure and processes associated with existing mortgage products to align more closely with the needs and characteristics of the target market. Improved loan servicing processes, redefined borrower, property or area criteria, and loan level product features such as insurance or collateral requirements, as well as portfolio interventions such as guarantees are all mechanisms that could be considered.

However, there is also a limit to the extent that mortgage products, even if optimized, can facilitate access to housing finance across the target market. Data on the nature of the housing need and the financial and risk profile of households in the target market highlights the occurrence of a range of housing processes, and therefore the need for a range of housing finance products, most notably, incremental housing loans.

Since 1994, housing policy in South Africa has been focused on the housing crisis – the overwhelming backlog of houses as reflected in the masses of informally and inadequately housed people throughout the country. Broadly, this housing crisis was defined in terms of household income: households earning less than ZAR3500 per month were classified as unable to meet their housing needs independently and were therefore identified as being in need of state support. In 1994, it was estimated that the country had a backlog of 3 million housing units. In response, the policy was built around the presumed need for a mass housing delivery programme. This simple approach to housing delivery has been at the root of all housing activity since 1994. It was the basis for government's promise to build one million houses within the first five years of government (a promise realized by about the seventh year, in fact), and the most substantial housing delivery programme ever undertaken by any country in the world. It is also been at the root of much of the dissatisfaction.

4.5 Financial Market

South Africa's four major banks - ABSA, Standard Bank, Nedbank and First National Bank are of the view that banks generally have overlent to the low- and moderate-income market. This, however, has not been substantiated with solid evidence. The big four banks together hold a combined 85% (or ZAR167, 1 billion) of all mortgage loans (UN Habitat, 2008).

In its 2008 report, the United Nations says outside the big four commercial banks, few small banks such as African Bank, Cash Bank, Saambou and UniBank, are actively targeting the affordable housing market by extending housing products to their micro finance clients, targeting smaller employers forging alliances with big banks. These banks' products are more accessible and affordable with mortgage bonds from as little as ZAR40 000.

South Africa has an history with credit risks in mortgage lending. As a consequence of that history, banks would ultimately use different methods to allot credit lending. As the UN habitat reported, where subsidies are freely available from government, and where a loan component is required to complete the funding package, pricing or risk problems to the lender do occur (2008). "In this respect it should be assessed whether the loan portion was accessed at any given price or interest rate. The consequence of poor access to housing finance is a negative impact on housing affordability. With a worsening of income distribution has come a housing shortage for people with very low incomes contributing to a rise in homelessness. Here both the cost of the end product, as well as the cost of accessing finance, is considerably higher" UN Habitat (2008).

The United Nations (2008) commends South Africa for its progressive housing finance delivery mechanism "notably its capital subsidy scheme for the poor, which has encouraged and compelled financial institutions to continue to serve the low- and moderate-income market through appropriate policies and strategies". Citing a report by the Centre for Scientific and Industrial Research national study on Unblocking Finance for Affordable Housing in South Africa, the UN Habitat "revealed that large commercial banks are unwilling to grant mortgage loans for less than R100.000…" because "banks are primarily focused on maximising shareholder profits, and investing and engaging in high profit activities; and that the cost of administration for a smaller loan is too high" (UN Habitat, 2008). The reluctance by the banks forced the government to introduce the Home Loan and Mortgage Disclosure Act, which require banks disclose their reasons for not advancing a home loan or a mortgage to low-income earners. The government also introduced the Community Reinvestment Bill, whose object was to compel all financial institutions to engage in the provision of mortgage financing to the lower end of the market (UN Habitat, 2008).

Eventually, it dawned on banks that the implications could be dire. As a result, the banking sector offered "a 10-year voluntary initiative to the value of R42 billion aimed at providing finance to low-income earners with stable incomes in excess of R1 500 per month and less than R 7 500 per month. The initiative came into effect on 01 January 2004. The government responded by shelving the Bill though one is of the opinion that promulgation was not preclusive. The comfort is that the Bill remains an important document that can be resuscitated at any point should financial institutions fail to fulfil their commitments and obligations", the UN Habitat reported in 2008.

The gap between income and shelter costs is very wide. If the cost of constructing new houses is not within reach for low-income earners, then revitalizing the existing stock can be an alternative option for improving housing finance. To address this, the Breaking New Ground Housing Strategy was introduced which collapses the subsidy system and creates a three-tier category of income groups for improved targeting methods. In the categorization, the hard-core poor (income levels 0 - R1, 500) receive the full housing subsidy of R28, 000. The poor (income levels R1, 500 - R3, 500) also receive the full subsidy. A new subsidy band is created for affordable housing targeting the middle-income level (those earning R3, 500 to R7, 000 pm), for whom government pays a deposit. (UN Habitat, 2008).

4.6 Alternative Financing

Pension and provident funds have been targeting investments in the affordable housing space. South Africa's state-owned electricity company, Eskom, committed ZAR100 million to the development of around 20 000 new affordable homes through an investment in global private equity funder, International Housing Solutions (IHS). This investment follows the commitment of more than half a billion rand to IHS' second fund by the National Housing Finance Corporation and the International Finance Corporation (IFC). IHS' first fund financed over 28 000 units with a combined total value of more than R8, 6 billion.

In a thorough report property market, the Centre for Affordable Housing Finance in Africa notes that South Africa's residential property market is the largest component of the South African property market, comprising the majority of property assets within the country, and an important component of household wealth (2015). The South African deeds registry counts 6.7 million properties on its registry, worth ZAR5.2 trillion. Of this, about 5.8 million registered properties, or 86 per cent, the Centre reports, are considered residential, ranging from sectional title and freehold properties, to estates; including government- sponsored homes, homes occupied by their owners or rented to others, and holiday homes; and found across the country, from rural areas, to mining towns, to small and secondary cities, to metro municipalities (2015). Almost 60 per cent of the total formal residential property market is found in the eight metro municipalities (CAHF, 2015).

The majority of the residential property market – 63 per cent in 2013 – includes homes valued at less than ZAR600 000. Of this, two thirds are homes that are valued at less than ZAR300 000, of which the majority (estimated at about a quarter of the total residential property market) are estimated to be government-sponsored homes.

South Africa has a well-established property market and a world-class cadastral system. According to the World Bank's 2015 Doing Business Report (cited in CAHF, 2015), South Africa is ranked 97th of 189 countries globally, in terms of how easy it is to register property. It takes 23 days to go through the seven procedures required, and costs an estimated 6.2 per cent of the property value.

4.7 Housing backlog

At the attainment of democracy in 1994, South Africa had a housing backlog of three million units. The new government introduced affordable subsidising housing to all households earning less than ZAR3, 500 under the Reconstruction and Development Programme (RDP). The Centre for Affordable Housing Finance in Africa reported that under the RDP, subsidy beneficiaries get freehold title to a 180-250m2 serviced stand with a 40 square metres top structure for free. This is still true today, although eligibility criteria now require applicants to be older than 40 years or older.

The Centre recognises the fact that this still leaves a "gap" however, of households earning between the ZAR3500 upper income threshold for the RDP subsidy, and the ZAR15 000 income requirement for a mortgage for the cheapest newly built house (2015). It is estimated that about 30 per cent of the population fits into this gap. To this end, the government also introduced the Finance Linked Individual Subsidy Programme (FLISP) in 2012 which offers beneficiaries a once-off capital contribution of between ZAR20 000 and ZAR87 000 - depending on household income, which is to be tied to a mortgage to purchase a new or existing house.

In 2015, the Centre for Affordable Housing Finance reported as follows: "Affordable housing supply in the country is dominated by government-subsidised delivery. Since 1994, an estimated 3.4 million housing units have been built by the State. Of these, an estimated 1.4 million are formally registered on the Deeds Registry, making government-subsidised housing comprise 24 per cent of the total residential property market in South Africa. According to the 20 Year Review, approximately 12.5 million individuals (close to 25 per cent of the population) have been aided by the State and provided with better quality accommodation and some form of an asset. Approximately 56 per cent of all subsidies allocated have been to woman-headed households. Despite these impressive developments in the subsidised market, the housing backlog remains stubbornly fixed, estimated at about 2.1 million houses in 2015". According to CAHF (2015), The Department of Human Settlements reports that subsidised delivery decreased to 105 936 units per annum in 2013/14 – but deeds registry data suggests that only about 16 051 government-sponsored housing units were formally registered. In terms of government's Medium Term Strategic Framework, the Minister of Human Settlements has promised the delivery of 1.5 million new housing opportunities by 2019, comprising an estimated 750 000 households in upgraded informal settlements, the delivery of 563 000 subsidised housing units, 70 000 FLISP-supported housing units targeted at the 'gap' market, 40 000 further affordable housing market units, 27 000 social housing units, 10 000 community residential units (basic rental housing with shared ablutions), and 35 000 affordable rental units.

In fact, housing delivery has been declining across the board since 2012. According to ABSA (cited in CAFH, 2015), only 163 103 residential units were completed by the private sector (not including subsidised housing delivery) across the country between 2011-2014. "Houses smaller than 80m2 (a poor proxy for low-income housing) comprised just under half of this, but fell to an all time annual low of 15 444 units completed in 2014. The delivery of flats, on the other hand, increased: from 3 880 units in 2011 to 7 102 flats delivered in 2014. Rental housing is increasingly a significant component of new housing delivery, and a new investment target has been the delivery of student accommodation. In 2015, Indluplace Properties became the first residential-focused fund on the JSE's real estate sector. JSE-listed SA Corporate Real Estate Fund is also planning to separately list its housing interests once its residential portfolio has grown to ZAR3 billion – double its current size", Centre for Affordable Housing Finance reported.

CHAPTER 5
A COMPARISON BETWEEN NAMIBIA AND SOUTH AFRICA

5.1 Similarities

Both Namibia and South Africa have progressive housing policies. These policies have shaped the current trajectory on housing delivery. The key policies in both countries are the National Housing Policies, which were developed immediately after majority rule. Both countries have institutions that are devoted solely to the construction of houses as a deliberate effort by the State – these are National Housing Enterprises in Namibia and Housing Development Agency in South Africa. But these policies have not all translated into shelter for the majority of people who are in need. The housing backlog drives home the point that more needs to be done. There is another problem that cronyism has made good policies look bad. In both South Africa and Namibia, politically connected individuals have benefited more than the intended recipients of housing through tenders and corruption. Inflated tenders have cost both governments more than necessary. The impact of this is that governments would need to keep housing construction on the budget for a lot longer.

Namibia and South Africa are regarded as being two of the most unequal societies in the world by measure of gini co-efficient. This means that the wealth of the country is concentrated in a few individuals while bulk of the population lives on the periphery of the economy. The legacy of unequal land ownership and control itself, however, has also hindered the struggle for housing. The negotiated pact followed other such transitions and protected the private property rights of the old elites. The Constitution's protection of property rights has itself restricted peri-urban land acquisition for low-income housing projects and has pushed them away from the cities. Both countries, through the compromises to democracy accepted the willing seller, willing buyer principle. Largely, the principle has preserved the status quo while doing little to empower the majority of the people. This has forced the Namibian government to announce, in February 2016, that new harsher measures are being discussed with the country's attorney general in order to review out dated legislation.

The challenge for both Namibia and South Africa is to use the resources of the State to ensure that even the most impoverished benefit from the policies of the present. With riches diamond, uranium, gold and other resources, both countries should be able to provide housing to all the people. Both countries have targeted their healthy pension and provident investments as alternative financing in the affordable housing space. But a lot more could be done.

Both Namibia and South Africa have enacted legislation that governs matters related to housing – either as housing relates to financing and affordability or as a function of ownership. In both the investigated countries, there is evidence that their policies are committed to a housing process built on the foundations of people's participation and partnerships. All housing role players, including the private sector, local communities, those adequately housed, non–governmental organisations, development agencies, the international community, and others are expected to participate in meeting the housing challenge the two countries face. This principle calls on all players to contribute their skills, labour, creativity, and financial and other resources to the housing process in partnership with one another.

As stated elsewhere in this study, the mere presence of legislation or policy does not guarantee housing for all. But the implementation thereof is important in realising housing for all. A large number of people remain homeless. And budgetary allocations do not come anywhere near to the desire outcomes. Corruption has hampered attempts to build more housing units because part of the money goes to pockets of tender holders. It is important, however, to point out that both countries have made attempts to nip the looming housing crisis in the bud through the adoption of policies. Although the number of people who still do not have shelter over their heads remains high, the two countries have made consented efforts to improve the lives of a lot more people compared to the period before democratic transitions in the 1990s. Opportunities have opened up for jobs in the construction industry.

In both countries, standards are set for dwellings. In Namibia's case, the plot size must not be less than 300 square metres. South Africa provides that each house must have a 40 square metre of floor space, two bedrooms, a separate bathroom with a toilet, a shower and hand basin, and a combined living area and kitchen. The standards provide surety to the dignity of homeowners that certain minimum standards must be met. This is born out of experience where black people were cramped into matchbox houses and single quarters – the size of families notwithstanding. Also, out of that experience, it was standard to have toilets outside of the main dwelling. What informs Namibia's policy of a 300 square metre plot is that people could have enough land to expand their homes as family grow and income permits. Past experience informs that plots were only as big as floor size. The standards are certainly welcome. However, stipulating specifications can have unintended consequences when prospective house owners cannot afford to pay for housing units that meet set standards. But certainly, standards guarantees dignity to dwellers. Past experience in both Namibia and South Africa exposes the reality that ablution facilities were located outside the main dwelling.

5.2 Differences

There are also notable differences. In South Africa's case, the housing policy is anchored in a constitutional prescription that provides each and every person has a right to "adequate housing". The constitutional cover enables citizens to enforce their rights. One of the cases brought before the courts is that what is now known as "Grootboom and others" in which 900 homeless squatters, led by Irene Grootboom invaded privately-owned land which was earmarked for low-cost housing. They approached the court to enforce their right to "adequate housing". The high court ruled in their favour. In appealing against the High Court judgment, the government held that it would be flooded with requests from other people living under similar conditions should it abide by the judgement and provide basic shelter and services to the evicted community. The constitutional court responded that the government had not bothered to count the people living under such conditions and therefore could not claim that they would make requests in large numbers. In the main, Grootboom and others succeeded to influence national policy in that, out of their struggle and victory, a new housing programme Housing Assistance in Exceptional Urgent Housing Situations was born. For Irene Grootboom, justice delayed is justice denied. She died eight years later in her shack while waiting for a house.

Further to that, South Africa has a more progressive legislation, the Protection against Illegal Eviction Act (1998), which provides safeguards against the eviction of unlawful occupiers living on both privately- and publicly- owned land. People's experience of forced removals under apartheid prompted the negotiating parties to debate whether to include an even stronger statement guaranteeing 'the right not to be evicted from one's home'. In Namibia, for example, what is today Hochland Park was home to black people until 1959 when they were forcibly removed to a place called Katutura – which means a place we do not want to live". That is true for South Africa where blacks were removed from Sophiatown to make way for a white neighbourhood called Triomf, which means triumph. Evictions, legal or otherwise, are common in Namibia and South Africa – mostly with farmworkers.

The Namibian Constitution does not contain explicit provisions recognising the right to adequate housing and access to land. It recognises the right for all persons to acquire, own and dispose of all forms of immovable and movable property in any part of Namibia. It also authorises the state to expropriate property in the public interest, subject to the payment of just compensation, in accordance with the law. The right to property is balanced against the constitutional obligation to affirmative action. This enables parliament to enact laws that provide for the advancement of people who have been disadvantaged by past discriminatory laws or practices. It also allows for the implementation of policies and programmes aimed at redressing such imbalances (UN Habitat, 2005).

In its early implementation of the housing strategy, South Africa provided free housing through its RDP programme. Of course, the RDP houses faced with criticism that they did not comply with regulations – leading poor quality. The new elite with access to state tenders, pocket most of the funds meant for the construction of low-income houses. Namibia on other hand offers subsidies to most needy and low-income households. Through its Mass Housing Project, the government provided funds to construct low-income houses for targeted groups. Houses are offered for sale for as little as NAD1, 600 per month. The challenge though is that there are people who still cannot afford that amount of money or the cost of servicing the land. As a result, benefactors have sometimes sold their houses only to return to where they lived prior to acquiring their housing units.

South Africa established a rationalised governmental, statutory and parastatal institutional framework within which the national housing strategy is implemented. Institutional framework prevents fragmentation, overlap, wastage and inefficiencies in the implementation of a sound long term housing strategy. These institutions include the Social Housing Regulatory Authority, whose principal function is to increase the amount of rental accommodation available to people in low-income groups, particularly in urban areas, and the Housing Development Agency is tasked with the acquisition, management and release of state- and privately-owned land for human settlements development, and with providing project delivery support services to enhance the capacity of municipalities and provinces to deliver integrated sustainable human settlements. The key to efficiency and effectiveness lies in the ability to remove bureaucracy in the management of massive projects. Most of the time, semi- private or private institutions – removed from government departments, usually have the capabilities and knowledge to manage such projects.

However, Namibia's institutional framework is vested in the Ministry responsible for housing. Other stakeholders are not created by law and are privately managed. For the reasons stated above, these projects fail because of the inability of managers to see around the corners. Decision often times take long and there is usually no urgency. As stated elsewhere, money is sometimes returned to the treasury because the ministry is not able to implement the project within the financial year in which the budget is apportioned. This not only delays the project, but also that lost funds must be approved afresh.

5.3 Impact of Housing Policy in Namibia

The Build Together Programme is the key programme through which Government has attempted to deliver housing to low and ultra low-income groups in Namibia. This programme is implemented at the regional and local authority levels as four sub-programmes, which disburses loans for building new houses and/or upgrading existing homes. The loan values range from NAD3, 000 to NAD40, 000 with a repayment period capped at 20 years and is geared towards individuals earning less than NAD3, 000 per month. The interest rate attached to these loans ranges between four per cent and seven per cent, depending on the length of the repayment period. Nonetheless, due to an increase in the costs of building materials, the loan amounts have become insufficient for housing construction and therefore need to be revised upwards to reflect prevailing market conditions. To that effect, the Ministry of Regional, Local Government and Housing are reviewing the BTP loan amounts to address this challenge.

Between fiscal years 1998/99 – 2007/08, 10, 479 houses were constructed under the BTP scheme, inclusive of renovations and upgrading of informal settlements. An additional 2, 500 houses were constructed during the 2007/8 –

2009/10 fiscal years, way short of the MTEF target of 4, 600 translating to a realisation rate of only 54 per cent. These figures add up to an average delivery rate of approximately 1, 500 houses per annum. Despite the strides made by the BTP scheme, the housing market still faces a considerable backlog of around 80, 000 houses. Considering population growth, the backlog is unlikely to remain static, thus there is a need for pragmatic approaches to speed-up the housing delivery process in the country. A set of challenges needs to be overcome and that includes, amongst others, land servicing, rising cost of building materials, incapacity at some regional and local authorities and budget constraints.

The NHE is dedicated towards providing housing finance and constructing houses for individuals in the low and middle-income brackets. The NHE loan sizes vary, but have a ceiling of NAD550, 000 and are disbursed as various financing products. The loan repayment period ranges between 20 - 30 years, at prime minus one per cent rate of interest. Since inception in 1993 until 2010, the NHE has delivered over 8, 000 houses. The delivery rate was comparatively high in the early 1990s, when the institution developed 625 houses per annum between 1993 and 1999, but has since experienced a dramatic decline in delivery (Kalili et al., 2008). Housing delivery declined from 816 houses per annum in 2000 to 216 houses in 2008/9 before picking up again to 719 houses during the 2009/10 financial years. The decline could be ascribed to lack of financing and an increase in costs of building materials. The delivery rate falls considerably short of the annual target of 1, 200 houses built by the NHE in line with the requirements of Vision 2030.

In addition, the institution is faced with a refinancing challenge as they strive to provide house loans at below market rates. Since its inception, excluding the initial capitalisation, the NHE has not received financial support from the Namibian government. However, going forward, the Central Government recently pumped NAD85 million for the 2011/12 – 2012/13 fiscal years into the NHE. Although a welcome development, it is just a slice of the needed funding, as far as speeding up of housing delivery is concerned. For instance, NHE embarked on a project of developing 200 houses on unserviced land in Windhoek, an initiative that cost NAD35 million. At that rate, the NAD85 million capital injection can only construct approximately 485 houses, well short of the targeted 1,200 houses per annum.

According to the NHE, meeting that annual target will require financial resources in the region of NAD500 million per annum.

The government announced a capital injection of NAD1 billion under the Targeted Intervention Program for Employment and Economic Growth (TIPEEG) dispensation. Out of that amount, NAD131 million is earmarked for land servicing while NAD898 million will be put towards construction of low income housing units. The housing and sanitation programme under TIPEEG is expected to result in the clearing of 3, 980 new serviced plots and construction of 4, 521 new low cost houses by the end of 2016.

The SDFN solicits funding from its savings schemes, the Central Government, local private companies and international donors. During fiscal years 2007/8 and 2009/10, Government allocated NAD3.9 million to the SDFN, which steered the construction of 150 houses. Furthermore, additional funding of NAD8.5 million has been allocated under the 2010/11 – 2012/13 MTEF for the construction of 215 houses. From the individual savings groups the SDFN recorded as much as NAD7.7 million between 1998 and July 2010. Between 1994 and 2010, the SDFN has managed to construct 3,015 houses. The house delivery rate was very slow during the earlier years due to limited funds. However, the financial boost from Central Government has improved the capacity of the federation to acquire land and construct houses. During the 2010 alone, the SDFN managed to deliver 592 houses to its members. While noting the success achieved by the federation in providing homes to its members, there are several challenges that hinder their activities. Notable amongst these is the unavailability of developable land, which is further compounded by the slow process of land delivery and a lengthy land registration process. Another challenge cited is the increase in the cost of building materials, which erodes the purchasing power of loan values.

Although access to housing continues to be a challenge in the country, Central Government has responded to the situation in various ways. The noticeable response came in the form of a substantial increase in funds allocated for the purposes of housing and land provision. From 2009/10, the Government increased its funding from approximately NAD81 million to more than NAD300 million per annum. These increases include the recapitalisation of the NHE, to the tune of NAD85 million for the financial years 2010/11 – 2012/13, which was envisaged to result in the construction of 8, 000 houses by the end of 2012. Furthermore, a portion of the funds was geared towards infrastructure development, of which NAD300 million is earmarked for informal settlement upgrading in the low-income residential areas of Windhoek. Allocations to the BTP scheme, single quarters transformation and administration costs were also provided for. To curb the rising cost of building materials, Government also invested resources into the Habitat Research and Development Centre, which conducts research into the development of alternative building materials. Although the budgetary allocations to the housing sector are commendable, more still needs to be done to improve the rate of housing delivery, as the country still faces a backlog of between 80, 000 and 135 00 housing units – depending on whose statistics are cited.

5.4 Impact of Housing Policy in South Africa

In its report to the United Nations Habit conference in 2001, the government of South Africa reported as follows: "Although the South African housing policy provides for an effective right to housing for all its citizens, the issue of prioritisation is important given the context of extreme housing needs and shortages. In the Housing Act priority is accorded to the poor and addressing special needs. All households earning ZAR3, 500 per month or less qualify for subsidy assistance. Over 92% of subsidies granted have gone to households earning less than ZAR1, 500 per month. These policy priorities are consistent with those of Habitat Agenda".

The government of South Africa developed housing policy and implemented a number of programmes and subsidy mechanisms to provide access to housing in the country in an effort to fulfil its obligation to promote and ensure the right to adequate housing for all as prescribed in the constitution.

In a UN report (2001), South Africa further reported that "the People's Housing Process route to access a subsidy provides a creative alternative to beneficiaries, as they can: save on labour costs by doing some of the building work themselves or by getting their neighbours, friends and families or other persons to help them; avoid having to pay a profit element to developers if they build their houses themselves or organise for those houses to be built; and optimise their decisions by using opportunities for trade offs. For this subsidy mechanism and programme to be successful and sustainable technical assistance and support from government, the private sector and non-governmental organisations is critical. Communities are mobilised to organise themselves and to collectively take decisions about: What their needs are; what their own contribution (financially and in kind) would be; and what support is needed".

The PHP has come with useful lessons such as a critical self-awareness at the people's social conditions, that are poverty related are being addressed through a fresh set of eyes. Efforts are being made on how to transform those social conditions. More interesting is the fact that some of the affected groups have been using their savings to buy materials in order to construct housing units or buy land. This process has resulted in confidence arising out of experience gained. It is interesting to note that women are at the forefront of decision-making, and thus taking charge of their own lives. "These women are actively involved in the planning, financial arrangements and construction of their houses. In addition, they have broken stereotypes, which categorised them in a manner that excluded them from playing certain parts such as bricklayers normally seen as roles for men. Communities involved in this process are supported by government to share knowledge and to learn from one another. Exchange programmes are organised where communities and their support partners meet to share their experiences. Very unique networks have been formed to ensure that other communities benefit from the experience of others", United Nations Habitat (2001).

Since the 1994 democratic elections, "the Government, in partnership with housing institutions, communities, the private sector and NGO's, has provided subsidies for more than 1, 334, 200 houses with secure tenure to the poorest of the poor in both urban and rural areas. The total number of houses that have been constructed is approximately1, 155, 300, housing close to 5, 776, 300 people" UN (2001). The Department of Human Settlement reported in 2013 that nearly "2,8 million housing units and 876, 774 serviced sites were completed between 1994 and December 2013". This has resulted in more than 3 million opportunities (DHS, 2013).

Part of the impact of South Africa's housing policy is its focus on vulnerable groups such as people with special needs. The government has set aside money to benefit households with disabled people.

5.5 Implications

The fact that South Africa has in its constitution adequate housing as a right places high obligations on the State to deliver on housing. Citizens can easily hold the government accountable in its fulfilment of its obligations to the people. The seminal Grootboom and others versus the State provided precedent that government must fend for its citizens who cannot fend for themselves – within the State's fiscal means. This is to say that the right to adequate housing is in itself not absolute.

Another implication arising out of the Grootboom ruling is that the State must provide budgetary allocations to an unknown number of people if and when their rights must be obliged with. Put differently, since it is almost never known of the number of people who may required housing as a result of one or other consequence, the government must nonetheless prepare itself for that eventuality. It may very well be that money set aside for such purposes may end up not being utilised for that exact purpose. The Housing Assistance in Exceptional Urgent Housing Situations emerged because of such circumstances, as the State had not anticipated.

Namibia and South Africa's status as some of the countries regarded as unequal presents serious challenges to housing policies of both countries. In the main, it means that that rich should be prepared to share in finding solutions to the housing problems of the majority of the population.

South Africa's 'Housing White Paper' recognised that land shortage inhibited housing development programmes. Section 9(3) of the subsequent Housing Act of 1997 authorises municipalities to expropriate privately-owned land for housing development, in instances in which landowners refuse to negotiate to sell. Municipalities however, have not used this measure to initiate housing programmes, and acquiring land for both urban and rural housing remains inextricably tied to a land-reform program spearheaded by the then Department of Land Affairs. The housing ministry insists the two departments have a close working relationship. The perception among members of the Landless People's Movement (LPM), which was formed soon after the Bredell incident, however, is that there is poor co-ordination between the two departments in their policy priorities and budgets.

The fact that South Africa has a free housing scheme means than budget allocations have to be increased to meet the demand of the homeless. This will result in a shift of resources from other priority areas to housing. The implied impact is that health, education and infrastructure funding will have to be thought differently in the long term.

The implication of the government of Namibia setting a fixed price in the construction industry is that a savings could be realised, which could result in more housing units built. This is one of the areas of a successful housing policy.

South Africa is one of the few countries in the world to recognise housing as a right. The Constitution of South Africa states that everyone has the right to have access to adequate housing and that the "state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right". Government is under a duty to take steps and create conditions, which will lead to an effective right to housing for all. It is also under a duty to refrain from taking steps, which promote or cause homelessness. It is held that a person has a right to live in dignity, in habitable circumstances. Government therefore will vigorously promote an effective right to housing for all, within the resource and other limitations applicable to it. This is a progressive step in an effort to ensure that the State takes the lead in the provision of housing.

5.6 Lessons learned

Namibia's Bill of Rights, although one of the most progressive in the world, does not mention housing as a right. South Africa provides a useful lesson in that regard. With so many people finding themselves in similar conditions as Grootboom and others, Namibia could easily provide a cushion for the poor communities if and when the need arise to exercise their rights. Under the current regime, the Namibia government's obligation is simply to facilitate the provision of housing.

Namibia's housing challenges are compounded by daily evictions of people from land – private or public. The majority of those evicted are farmworkers who have known no other place than the farms they work on and born at. The irony is that most of those that are likely to be evicted are ones least likely to enforce their rights – mostly because they are unaware of their rights or because they lack financial resources to fight evictions. South Africa provides useful guidelines with its Prevention against Illegal Evictions Act.

The Shack Dwellers' Federation of Namibia provides a useful blueprint to empower people in owning housing units. Although the government plough money into the project, a huge share of it comes from member efforts. The fact that members themselves available their own labour is commendable for two reasons: first because member involvement lowers the cost of building and second because people take ownership of their housing needs.

As reported in the UN Habitat Report (2001), South Africa's posture that "adequate housing must provide more than four walls and a roof", a number of conditions must be met before particular forms of shelter can be considered to constitute "adequate housing." In Namibia's case, the plot size must not be less than 300 square metres but does not go beyond that. In the case of South Africa, each housing unit must meet the following criteria: have $40m^2$ of floor space, two bedrooms, a separate bathroom with a toilet, a shower and hand basin, and a combined living area and kitchen. This ensures that the dignity of housing occupants is preserved.

South Africa provides subsidies to first-time homebuyers who have an income of less than ZAR3, 500 per month. Further to that, the government provides funding to private-sector developers who are interested in developing low-cost houses for their low-income clients. This approach can have advantages to the housing sector in that the private sector becomes key stakeholder in housing but also that the private usually has the capacity to deliver affordable housing in a quick and efficient way. Employment could be created – albeit in the short term. Namibia would be better served to learn this module.

Part of Namibia's housing challenges can be attributed to an absence of laws that protects people from being evicted either on farms or housing they occupy. South Africa's Prevention against Illegal Eviction Act provides useful lessons for Namibia. The Act guards against the eviction of people who occupies land unlawfully – either in private or public land. The interesting aspect of the Act is that it applies to anyone who occupies land or property without the consent of land or property owner.

CHAPTER 6
CONCLUSION

6.1 Overview of the study

The purpose of this research was to describe and systematically compare the housing policies of Namibia and South Africa by looking at the historical backgrounds of the countries, existing policies and the manner in which the policies are implemented.

The aim was to examine the housing policies of Namibia and South Africa in terms of their similarities and differences and to consider the impact and implications. A new thinking about how policy can contribute to affordable housing production has emerged. Namibia and South Africa vary in their expenditure commitments to provide affordable homes. Their housing policy strategies also differ. Differences reflect different levels of prosperity and differences in governance and institutional arrangements.

The research also answered proposed questions – namely, what is the impact of housing policies on society? And what are implications of having such policies? The study concluded by offering lessons the country can learn.

6.2 Conclusions

From the study, evidence has been presented to demonstrate that the housing policies of Namibia and South Africa are similar in nature, with varying degrees of differences. The main difference is that South African policy is anchored in the constitution of the country. In Namibia's case, the housing policy has its roots in the white paper and other Acts of Parliament.

The South African policy has been largely successful measured by the large amounts of money allocated and housing units constructed. Also, the fact the government of South Africa was forced by the courts to provide adequate housing within its limit is a measure of success of the policies in place. Namibia's policy implementation has been dismal measured by the number of housing units constructed against the target. Housing delivery by the NHE declined from 816 houses per annum in 2000 to 216 houses in 2008/9 before picking up again to 719 houses during the 2009/10 financial years. Two thousand five hundred houses built through the BTP scheme during the 2007/8 – 2009/10 fiscal years, way short of the MTEF target of 4, 600 translating to a realisation rate of only 54 per cent. While the government of Namibia has provided money, private sector initiatives such as the shack dwellers' association has recorded a better turnover of housing units than a state institution whose mandate is in fact the provision of low-cost housing.

In both instances, policies are not cast in stone. The Namibian Housing Policy has been amended to reflect the reality of the housing crisis in the country. South Africa too has had to relook at its policies to ensure that the historical legacy is addressed. In both instances, the policies set a minimum amount as a threshold for subsidy qualifying income earners. To that extent, the policies are sustainable in the short term. But as the number of people in that salary bracket increases or decreases, the policies will require a revision.

It has been pointed out above that South Africa's housing policy is driven by the constitution, which states the provision of adequate housing as a right. Further to that, Namibia could benefit from an institutional framework that governs housing.

6.3 Recommendations for future research

The research examined the housing policies of Namibia and South Africa in terms of their similarities and differences and to consider the impact and implications – comparatively. The challenge housing policies in both Namibia and South Africa is to provide basic accommodation needs cheaply and affordable to the poor. However, housing challenges in both countries have arisen due to rapid population growth and urbanisation. These dynamics require a policy framework and institutional mechanism that focus on addressing the housing supply to cope with the increasing demand on a sustainable basis. Therefore further research on policy options that address low-income groups, by looking at institutions such as socio-economic, political and geographical structures that shape low-incoming housing is recommended.

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